

# **Exhibit 1**

## Memorandum

From: Christopher Smith, Director of Capital Markets  
To: Dave Cassetty, General Counsel  
RE: Legal advice concerning AnC Bio VT discussion with the SEC  
Date: 2/4/2015

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On February 4, Deputy Commissioner of Securities Mike Pieciak and Director of Capital Markets Christopher Smith participated in a follow-up phone call with Brian James and Trisha Sindler of the SEC regarding their investigation of the Jay Peak EB-5 projects.

Mr. James began the conversation by reiterating the importance of our confidentiality. He also expressed surprise regarding DFR's conclusion that the AnC Bio VT offering was nearly ready. The SEC attorneys acknowledged that the decision to let AnC Bio VT continue their offering was entirely up to us, but expressed their concerns about AnC Bio VT and Jay Peak EB-5 projects generally.

The SEC attorneys began with a high level overview of their investigation and the allegations. They stated that their investigation stemmed from concerns surrounding the ownership of Jay Peak Inc. and how it was acquired. Initially Jay Peak Inc. was owned by a Canadian Company. In 2007-08 Bill Stenger and Ariel Quiros decided to purchase the company. Ariel Quiros created his company Q-Resort to purchase Jay Peak Inc. At that time Jay Peak Inc. had two EB-5 Projects going on, one of which was raising money. When Q-Resorts took over the accounts for these projects, they used the money to purchase Jay Peak Inc., rather than for the Tramhaus, the intended use of the EB-5 funds. The Jay Peak and its principles used the funds from every subsequent EB-5 project in order to back fill financial holes from that initial misappropriation of funds.

In order to cover or hide the accounting issues, Ariel Quiros opened a margin account to inflate the assets. Ultimately, Raymond James called the margin loans. Ariel Quiros used \$20 million raised from the AnC Bio VT EB-5 investors to pay off the margin loans. David Gordon of Richardson Patel, counsel for Jay Peak in the SEC's investigation claims that the \$20 million were fees assessed and due to Mr. Quiros based on 15% of the capital raised for AnC Bio VT.

The SEC attorneys stated that Quiros and his personal counsel Bill Kelly are the only people to know about the accounting of all Jay Peak projects. They stated that Quiros is "pulling the strings" and CFO and CEO may not even be fully aware of accounting issues.

The SEC attorneys also spoke about their concerns specific to AnC Bio VT beyond the \$20 million. Their concerns were regarding the job projections, the anticipated FDA approval for medical products, the ownership of certain equipment, and the real estate deal for the land in Newport Vermont.

AnC Bio VT paid \$6 million for 7 acres of land. That 7 acres was part in parcel of a 21 acre land that Ariel Quiros purchased for \$3 million. Less than a year after purchasing the 21

acres, Quiros sold one third of the land to AnC Bio VT for twice the price he paid for the entire plot.

The SEC attorneys were concerned about the flow of money from EB-5 investors through the escrow accounts, and ultimately into the hands of the principals.